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## MODERN APPROACHES IN ANTI-CRISIS MANAGING THE NATIONAL INDUSTRIAL ENTERPRISE

### СУЧАСНІ ПІДХОДИ ДО АНТИКРИЗОВОГО УПРАВЛІННЯ НА ВІТЧИЗНЯНОМУ ПРОМИСЛОВОМУ ПІДПРИЄМСТВІ

#### ANNOTATION

The article analyses scientific views upon the nature and classification of the crisis phenomena in the enterprise. The author has specified the essence and role of crisis management and revealed the modern approaches to the crisis management of the industrial enterprise. The author has also determined specific nature of the management decision choice adopted by the enterprise management, which largely depends on the nature of the crisis phenomena.

**Keywords:** crisis, bankruptcy, crisis management, crisis situation, managerial decision.

#### АНОТАЦІЯ

Проаналізовано наукові погляди на природу і класифікацію кризових явищ на підприємстві. Уточнено сутність і роль антикризового управління. Виявлено сучасні підходи до антикризового управління промисловим підприємством. З'ясовано специфіку вибору управлінського рішення, що приймається менеджментом підприємства, яка в більшості залежить від характеру кризових явищ.

**Ключові слова:** криза, банкрутство, антикризове управління, кризова ситуація, управлінське рішення.

#### АННОТАЦИЯ

Проанализированы научные взгляды на природу и классификацию кризисных явлений на предприятии. Уточнена сущность и роль антикризисного управления. Выявлены современные подходы к антикризисному управлению промышленным предприятием. Выяснена специфика выбора управленческого решения, принимаемого менеджментом предприятия, которая во многом зависит от характера кризисных явлений.

**Ключевые слова:** кризис, банкрутство, антикризисное управление, кризисная ситуация, управленческое решение.

**Introduction and statement of the problem.** The basic characteristic feature of a market economy is that crisis situations may arise at all stages of the life cycle of an enterprise. Short-term crisis situations do not change the essence of the enterprise and can be eliminated through operational measures. If the enterprise on the whole is inefficient, unable to meet its needs and does not, in a timely manner, take appropriate measures to eliminate the insolvency that has arisen, the economic crisis takes a protracted character, even to the point of bankruptcy. It is possible to avoid the crisis or reduce its severity if to see the symptoms of its onset in time.

The world history knows a lot of crises both international and industrial, which affect some companies. During this time, a number of principles have been worked out that allow one to work efficiently with crisis phenomena of any scale, both at the level of economy of a separate enterprise and at the state level.

The current economic situation in Ukraine is characterized by financial instability, inflation, phases of recession and depression, which cyclically alternate, insignificant increase in the volume of production. In these conditions, the economic activity of entrepreneurs is subject to the risk of various crisis phenomena. The general insolvency limits and makes unrealized, or at least ineffective, any actions directed at the bringing our economy out of the crisis. Therefore, it is necessary to analyze a number of modern approaches in the management of national industrial enterprises and to clarify how the nature of the crisis influences the adoption of a management decision.

**Recent research and publications analysis.** The significant contribution to the development of the theory of crisis management has been introduced by such Russian scientists as Z. Shershneva, V. Vasilenko, Y. Zakharova, L. Ligonenko, A. Gryaznova, A. Bykova, T. Belyatsky and others. Methods of crisis management have been formed and analyzed in the works of such foreign scientists as E. Altman, G. Birman, G. Brele, J. Finner, S. Schmidt, R. Heath, G. Yun. At the same time, systematization of approaches to the essence of crisis management and issues related to the introduction of crisis management in domestic enterprises call for further research.

**The purpose** of this work is to analyze scientific views on the nature and classification of crisis phenomena in the enterprise, as well as clarify the nature and role of crisis management.

**Results of the study.** An important aspect of enterprise crisis management study is its correlation with the general theory of management. According to the research by A. Ryakhovskaya, S. Kovan and other scientists, the main difference between the concepts of «crisis management» and «management» lies in the interests that these processes are aimed at. [1]. So, in the conditions of regular functioning of the enterprise, that is, outside the crisis situation, the management is aimed at satisfying, first of all, the interests of the enterprise itself. At the same time, it is important to take into account environmental factors, including the interests of all stakeholders. However, the goals, values and interests of the enterprise remain prioritized. Under the condi-

tions of crisis management, the center of interests and goals is in the external environment. The latter in this case is primary, and this is the important difference between the approaches of crisis management and management outside the crisis. For example, modernization of the company's products, aimed at meeting the needs of the market and customers, can be viewed as an anti-crisis measure and the one that meets the interests of the external environment, and as a result of satisfying these interests, the interests of the enterprise are being realized to overcome existing or possible crisis phenomena.

The differences in the processes characterized by the terms «management» and «crisis management» from the point of view of the target orientation do not have a generally accepted scientific approach to the definition of the latter in the domestic literature. However, there are many terminological correspondences of the concept for «narrow» and «broad» approaches [2].

The definition of crisis management, given by A. Gryaznova, which in the future we will adhere to and believe to be the most comprehensive, the peculiarity of which is the fact that in the modern economy, the introduction of appropriate measures in an industrial enterprise takes place not only in crisis conditions, but systematically as well [3]. They should be present permanently in the overall system of enterprise management, that is, under any economic conditions. Thus, from the position of the cyclical nature of the economy, several forms of crisis management can be distinguished (table 1).

Consequently, under the crisis management should be considered an enterprise management

system, the main purpose of which is to prevent or eliminate the instability of the enterprise. Such an approach to the consideration of crisis management does not imply its exclusively preventive nature, but extends etymologically its importance, which consists in the adoption and implementation of anti-crisis solutions. At the same time, their essence and scale depend on the nature of the crisis situation in which the enterprise turned out to be. So, according to the scientific views of Z. Ayvazyan and V. Kirichenko, it is possible to distinguish four phases of the enterprise crisis and determine the directions of the corresponding managerial decisions (table 2).

There is an alternative approach to distinguishing between crisis phenomena in enterprises and their corresponding anti-crisis measures, which is based on the criterion of financial condition. In accordance with this approach, the following stages are distinguished: regular state, pre-crisis, crisis, insolvent [6]. The financial and economic state of the enterprise is considered to be regular in the case when the performance of the enterprise is within the limits of regulatory values, and production is stable. At this stage, the purpose of anti-crisis measures is to eliminate deviations and prevent the organization from moving to a pre-crisis financial state. The pre-crisis financial stage is a «hidden» crisis, characterized by the deterioration of certain economic indicators and the manifestation of problems in various areas of enterprise activity. At this stage, the crisis management should return the company to a regular financial state, or at least keep the pre-crisis state. Crisis financial stage

Table 1

Forms of crisis management of an industrial enterprise [4]

№	Period	Goals
1.	Stable enterprise development	Monitoring and evaluation of violations in the current activities and development of the enterprise, preventive identification of crisis phenomena at the enterprise, analysis of external and internal factors affecting the enterprise. These goals are tools for current management;
2.	Instability of enterprise development	Return of the enterprise after a decline in production and unprofitable activity to the state of sustainable functioning and development;
3.	Deep crisis (insolvency) of the enterprise	To prevent bankruptcy of the enterprise;
4.	Bankruptcy of an enterprise	Execution of bankruptcy procedures by an external or competitive manager.

Table 2

The stages of industrial enterprise crisis [5]

№	Stage	Problem	Management decision
1.	Unstable financial situation of the enterprise	Reduction of profit and profitability as a result of insufficient reserves and sources of development	Strategic and tactical management
2.	Loss of production	Low productivity of structural units	Voluntary restructuring of the enterprise
3.	Exhaustion	The transition of the enterprise to the regime of reduced reproduction as a consequence of the closing of debt obligations by circulating assets	Emergency search for funds and optimization of business processes
4.	Insolvency	There is a real threat of stopping production, resulting in further bankruptcy	The need for operational measures

encompasses the periods of long insolvency of the enterprise caused by low liquidity of its assets and serious breaches of financial stability that impede its normal functioning; economic indicators are lower than thresholds.

On the basis of the above analysis of scientific views upon the nature and classification of crisis phenomena in an industrial enterprise, as well as the nature and role of crisis management, we shall single out a number of modern approaches to it, considered below [7, 8, 9, 10]:

1. *Process approach* – is considered as a set of interrelated functions. The process approach to management should deserve the manager's attention only when the enterprise is in crisis of the differentiation phase. One of the mechanisms for increasing the efficiency of the enterprise, which is in the integration phase, is the evolutionary reengineering. In other cases, reengineering may not be effective.

2. *System approach* – consideration of any system as a set of interrelated elements. Managers have the opportunity to coordinate their work with the work of the enterprise as a whole, provided that they possess understanding of the system and their role in it. The system approach encourages the manager to maintain the necessary balance between the needs of individual units and the objectives of the entire enterprise, which is extremely important in crisis situations. The system approach helps to determine the reasons for making inefficient decisions, it also provides tools and techniques for improving planning and control.

3. *Situational approach* – the definition of the application of various methods of managing a particular situation. Comparison of various techniques and concepts with specific situations of the enterprise functioning for achieving its goals is realized. The situational approach concentrates on situational differences between enterprises and within the enterprises themselves, tries to determine significant variable situation and their impact on the efficiency of the enterprise operations. This approach contains specific recommendations on the application of scientific concepts, principles, methods depending on the situation, including crisis, and environmental conditions.

4. *Administrative approach* – the regulation of functions, rights, responsibilities, elements of the management system in the regulatory acts of the enterprise. In a crisis situation, its application can result in the following forms: introduction of additional reporting forms; establishment of mandatory standards; compulsory liability insurance; introduction of additional restrictions.

5. *Quantitative approach* – the use of quantitative estimates using mathematical, statistical, engineering and other calculations. It allows applying methods of scientific research to the operational processes of the enterprise. Enterprise management in a crisis is viewed as a logical process, complex organizational situations are modeled. The use of mathematical and statistical

methods in making managerial decisions in crisis conditions is efficient.

6. *Comprehensive approach* – accounting of technical, economic, social and other aspects of management. The comprehensive approach is a special methodological strategy oriented towards multidimensional, interdisciplinary knowledge of complex, multifaceted objects and their multiple causation which results in a holistic view of the object. It is this strategy that underlies the present interpretation of technologies for preventive crisis management.

7. *Integration approach* – the establishment of the relationships between individual subsystems and elements of the management system, levels, subjects of management. An integrated approach to managing an enterprise in crisis conditions allows to offer an attractive product to the interested client in the most appropriate way at lower marketing costs and thereby achieve market advantages. The integration concept presupposes optimal allocation, distribution and control over the use of investment, human, marketing and technological resources, the harmonization of which ensures the maximum profitability of the enterprise in the best way.

8. *Normative approach* – comparison of several financial ratios with the established norms. Nonconformity is a sign of bankruptcy. It allows to determine to what extent within the terms stipulated by the legislation, all urgent obligations of the enterprise can be satisfied at the expense of available highly liquid assets. If the value of this coefficient is less than one, then the current state of security of payments should be considered as unfavorable.

9. *Dynamic approach* – consideration of the object of management in dialectical development, in causative-consecutive relations and co-subordination. A dynamic approach sees the crisis as a process; all the indicators used in the model are analyzed as functions of time. In this analysis, the emphasis is not on some «final» indicator of stability, but on structural characteristics of the change in the system over time.

10. *Functional approach* – consideration of the need as a set of functions that are necessary to be performed to satisfy it. In its pure form, its use during crisis is inexpedient, since the growth of specialization, which it is accompanied by, leads to the isolation of functional units and the weakening of interfunctional links. This is unacceptable for an enterprise as a single «organism» in a modern dynamic external environment.

11. *Marketing approach* – the orientation of the control subsystem to the consumer. The application of this approach presupposes the availability of a clearly constructed system of information gathering and monitoring in the company, so that there is time to minimize the negative impact and to turn it to your advantage. The marketing approach to solving main problems of the enterprise during the crisis will help it to continue its

active commercial activity. Enterprises that possess intangible marketing assets a large number of loyal consumers, good reputation, well-known brand, skilled marketers – have more opportunities to overcome crisis phenomena.

12. *Reproductive approach* – orientation to the constant reproduction of goods to meet the needs of the market engaging less costs. Reproductive approach involves the identification of significant links between the phases of the life cycle and individual cycles of the crisis process. With reference to the enterprise management during a crisis, the approach is oriented to justification of strategies and tools that ensure the approval, correction or reconstruction of the systemic quality of the elements of the reproduction process, overcoming the crisis factors.

13. *Behavioral approach* – is considered as the one to help the employee realize his own abilities. Efficient management during a crisis is not so much the personal qualities of the leader, but rather the manner of his behavior towards his subordinates. With this approach, attention is focused on the actual behavior of the leader, who wants to motivate people to achieve the goals of the enterprise.

14. *Project approach* – consideration of the crisis at the enterprise as a project. Consideration of a set of tasks aimed at withdrawal of an enterprise from the crisis as a common set of subtasks of a project or a group of projects and programs. To suppress any potential crisis and minimize the consequences of its practical implementation, a project team should be formed, with all the powers for anti-crisis management transferred to it.

The variety of crises manifests itself in their management, namely – in the system and management processes, algorithms for the development of managerial decisions and especially in the management mechanism. At the same time, the specific nature of the choice of the managerial decision taken by the management of an industrial enterprise largely depends on the character of the crisis phenomena and the situation and behavior circumstances that cause them. Important is the fact that the costs of developing, maintaining and operating an anti-crisis system cannot exceed the effect of its utilization.

**Conclusions.** The analysis of scientific approaches to the definition of the economic essence of the concept of crisis management and

the use of their own approach to the definition of a crisis in an enterprise makes it possible to provide a definition of this concept that, unlike existing ones, takes into consideration the main task of counteracting crisis phenomena – overcoming contradictions in the economic system of the enterprise and the degree of crisis phenomena depth. This will allow us to develop a conceptual approach to crisis management of an industrial enterprise, according to which it should be implemented in individual business processes of the enterprise. These scientific achievements should become the basis for the development of an effective crisis management mechanism in a modern national industrial enterprise.

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